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TO: C. Beth Duncombe, Director
Detroit Building Authority

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 30, 2010

RE: 2010-2011 Budget Analysis – Civic Center

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, May 6, 2010 at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Pam Scales, Budget Director
Donna McAlister, Budget Department Team Leader
Kamau Marable, Mayor's Office

Civic Center (14)

FY 2010-2011 Budget Analysis by the Fiscal Analysis Division

Summary

The Civic Center Department is a General Fund Agency. The Mayor's 2010-2011 Proposed Budget includes no appropriations reflecting a decrease of \$16.0 million or 100.0% from fiscal year 2009-2010 budget. There are no budgeted revenues for fiscal year 2010-2011 reflecting a decrease of \$5.5 million or 100.0% from fiscal year 2009-2010 budget.

As of September 15, 2009, Civic Center was transferred to the Detroit Regional Convention Authority (the Authority) under Michigan Public Act 554 of 2008. The Authority is now responsible for overseeing the development, ongoing management and operation of Cobo Hall. The General Services Department is responsible for the property management of Hart Plaza, and the Recreation Department provides programming to Hart Plaza.

2009-2010 Surplus/(Deficit)

The estimated surplus in the Civic Center for fiscal year 2009-2010 is \$5.5 million due to the transfer of Civic Center to the Detroit Regional Convention Authority.

Civic Center (14)

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2009-10 <u>Budget</u>	FY 2010-11 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administrative Services	\$ 60,000	\$ -	\$ (60,000)
Civic Center Facilities Operations	3,273,125	-	(3,273,125)
Property Management	265,807	-	(265,807)
Bond Interest and Redemption	-	-	-
Total	<u>\$ 3,598,932</u>	<u>\$ -</u>	<u>\$(3,598,932)</u>

Overtime

The Mayor's 2010-2011 Proposed Budget includes no overtime in the Civic Center Department. This reflects a \$55,700 decrease or 100.0% change from FY 2009-2010. As of March 31, 2010, the Civic Center has expended \$26,059 or 107.9% of the FY 2009-2010 budgeted overtime of \$24,161.

Personnel and Turnover Savings

The Mayor's 2010-2011 Proposed Budget projects no employee turnover savings.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2009-10</u>	<u>Filled Positions 3/31/2010</u>	<u>Mayor's Budget Positions FY 2010-11</u>	<u>Over/(Under) Actual to 09/10 Budget</u>	<u>Mayor's Recommended Turnover</u>
Civic Center (14):					
00008 Administration	6	0	0	(6)	\$ -
140040 Sales and Marketing	7	0	0	(7)	\$ -
140045 Operations	4	0	0	(4)	\$ -
140090 Maintenance	0	0	0	0	\$ -
140100 Building Services	13	0	0	(13)	\$ -
140140 Security Cobo	0	0	0	0	\$ -
00011 Cobo Center	24	0	0	(24)	\$ -
11150 Property Management	4	0	0	(4)	\$ -
14XXXX Leave of Absence	0	1	0	1	\$ -
14XXXX Worker's Comp.	0	0	0	0	\$ -
14XXXX Unmatched Positions	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>\$ -</u>
		0			
TOTAL	<u>34</u>	<u>2</u>	<u>0</u>	<u>(32)</u>	<u>\$ -</u>

Proposed Layoffs and Position Changes

The Mayor's 2010-2011 Proposed Budget for does not include any staff for the Civic Center. Three staff positions, a Senior Civic Center Event Coordinator, a Civic Center Event Coordinator, and a Civic Center Event Coordinator – Special Service, were transferred to the Recreation Department.

Significant Funding Changes by Appropriation

The Mayor's 2010-2011 Proposed Budget has no significant funding changes by appropriation due to the City transferring the Civic Center to the Authority in September 2009.

Issues and Questions

1. Other than the three positions that were transferred to the Recreation Department, what happened to the other positions that worked for the Civic Center Department?
2. The Property Management Division was responsible for tenant relations for the Veteran's Memorial Building and Joe Louis Arena. Who will be responsible for

this function? What is the status of the negotiations with Olympia Entertainment/Ilitch Holdings concerning the future use of Joe Louis Arena?

3. According to Public Act 554 of 2008, the Authority's Board is to prepare an annual report detailing all contracts entered into by the Authority. When will this report be presented to the City?